

Message Text

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USIE-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08 EA-07
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TO SECSTATE WASH DC IMMEDIATE 5422

C O N F I D E N T I A L SECTION 01 OF 02 OECD PARIS 05299

E.O. 11652: GDS
TAGS: OECD, ENRG
SUBJECT: IEA: TOPICS LANTZKE INTENDS TO RAISE IN
WASHINGTON

REF: STATE 03783

1. DURING THE COURSE OF PREPARATIONS FOR HIS FEB 23-25 VISIT TO WASHINGTON, ULF LANTZKE HAS GIVEN US A PREVIEW OF HIS THINKING ON A NUMBER OF KEY ISSUES FACING THE IEA AND INFORMALLY SOUGHT OUR VIEWS. TWO KEY ISSUES WHICH LANTZKE HAS INDICATED HE WILL RAISE IN WASHINGTON ARE THE NATURE OF THE PACKAGE TO EMERGE FROM REDUCED DEPENDENCY EXERCISE AND THE FRENCH RELATIONSHIP TO IEA.

2. REDUCED DEPENDENCY PACKAGE. TWO PRINCIPAL ASPECTS OF PACKAGE ON REDUCED DEPENDENCY EXERCISE WHICH LANTZKE HOPES TO SEE EMERGE FROM IEA MINISTERIAL ARE (A) COMMITMENT BY U.S. AND CANADA TO PROVIDE COAL AND NUCLEAR SUPPLIES TO OTHER IEA MEMBERS IN RETURN FOR COMMITMENT BY OTHER IEA MEMBERS TO STRUCTURAL ADJUSTMENTS THAT MOVING FROM OIL TO COAL AND NUCLEAR SUPPLIES WOULD ENTAIL, AND (B) AGREEMENT BY ALL IEA MEMBERS TO INTERNAL
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REDUCED DEPENDENCY ACTIONS WHICH WOULD UNDOUBTEDLY BE POLITICALLY DIFFICULT AT HOME. LANTZKE FEELS THAT FIRST OF THESE TWO ELEMENTS IS ESSENTIAL INGREDIENT TO POLITICAL LEADERSHIP BY U.S. WHICH HE VIEWS AS KEY TO REDUCED DEPENDENCY EXERCISE AS A WHOLE.

3. EMPHASIZING THAT WE WERE SPEAKING ON PURELY PERSONAL

BASIS, WE EXPRESSED SOME SKEPTICISM ON LANTZKE'S FIRST POINT. WE SAID THAT COMMITMENTS TO SUPPLY WOULD ENTAIL WHOLE SERIES OF ACTIONS WHICH MIGHT OR MIGHT NOT BE FEASIBLE EITHER TECHNICALLY OR POLITICALLY (E.G., OVERCOMING ENVIRONMENTAL CONSTRAINTS SUFFICIENTLY TO INCREASE PRODUCTION, OVERCOMING TRANSPORTATION DIFFICULTIES, SUFFICIENTLY ENCOURAGING NEW INVESTMENT, ALL OF WHICH WOULD BE NEEDED TO ASSURE ADEQUATE SUPPLIES AT ECONOMIC COST). FURTHERMORE, WE WERE NOT SURE THAT EVEN IF THESE COMMITMENTS COULD IN FACT BE MADE OTHER IEA PARTNERS WOULD SEE THIS AS POLITICALLY USEFUL GESTURE. SOME MIGHT RATHER CHOOSE TO INTERPRET SUCH AN AGREEMENT AS DESIRE TO INCREASE EXPORTS WHICH WOULD SIMPLY BE FURTHERING U.S. ECONOMIC INTERESTS. THUS WE WERE UNCERTAIN THAT COMMITMENTS LANTZKE ENVISAGED WERE EITHER FEASIBLE OR EVEN NECESSARILY DESIRABLE, BUT AGAIN WE STRESSED THAT THESE POINTS WERE BEING MADE ENTIRELY PERSONALLY AND DID NOT REFLECT A U.S. POSITION.

4. FRENCH RELATIONSHIPS WITH IEA. AS WASHINGTON KNOWS, FRENCH FOREIGN OFFICE ENERGY OFFICIAL (FOUQUET) CALLED ON IEA SECRETARIAT (HOPKINS) AND SUGGESTED FRENCH ASSOCIATION WITH IEA IN THREE RESPECTS: (A) LINKAGE WITH OIL MARKET INFORMATION ACTIVITIES AND PARTICIPATION BY FRENCH OIL COMPANIES IN THE INDUSTRY ADVISORY BOARD; (B) PARTICIPATION OF FRENCH NATIONAL ENTITIES IN INDIVIDUAL IEA R&D PROJECTS; AND (C) SOME SORT OF SUB-ROSA FRENCH COMMITMENT TO PARTICIPATE IN EMERGENCY SHARING PROGRAM. DURING THIS CONVERSATION, FONOFF
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OFFICIAL SAID ON INFORMAL BASIS THAT QUAI HAD COME TO CONCLUSION THAT, POLITICAL FACTORS ASIDE, IEA MEMBERSHIP WOULD BE IN FRANCE'S INTEREST.

5. WHILE LANTZKE THINKS THE NATURE OF FRENCH RELATIONSHIP WITH THE EMERGENCY SHARING SCHEME WOULD NEED MUCH GREATER PRECISION, HE IS SYMPATHETIC TO FIRST TWO ELEMENTS AND FURTHER STRESSES THE IMPORTANCE OF GETTING FRANCE INVOLVED IN THE REDUCED DEPENDENCY EXERCISE. LANTZKE NOTED IN THIS CONNECTION FRENCH APPROACH TO SECRETARIAT (OF WHICH WASHINGTON HAS BEEN INFORMED) TO ADD AGENDA ITEM TO MARCH 10 ENERGY POLICY COMMITTEE MEETING ON "MEASURES WHICH OECD COUNTRIES CAN TAKE TO REDUCE THEIR DEPENDENCY ON IMPORTED OIL". IN RESPONSE TO SECRETARIAT REQUEST FOR GREATER DETAIL ON WHAT FRENCH HAVE IN MIND, FRENCH HAVE INDICATED DESIRE TO MAKE A STATEMENT ON CONSERVATION AND DEVELOPMENT OF ALTERNATIVE RESOURCES IN FRANCE IN HOPES THAT OTHER COUNTRIES

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WILL DO LIKEWISE. (SECRETARIAT INTERPRETATION OF LATTER
POINT IS THAT FRENCH WANT TO BE TOLD WHAT IS GOING ON IN
IEA ON REDUCED DEPENDENCY.)

6. ON PURELY PERSONAL BASIS WE MADE FOLLOWING COMMENTS
RE FRENCH/IEA RELATIONSHIP: (A) WE ACCEPTED LANTZKE'S
POINT THAT KIND OF ACCOMMODATIONS FRENCH SEEM TO EN-
VISAGE WOULD HAVE SOME CLEAR SHORT-TERM ADVANTAGES. AS
LANTZKE SUGGESTED, IEA WOULD FUNCTION BETTER WITH ACCESS
TO OIL MARKET INFORMATION THAT FRANCE COULD PROVIDE AND
IN R&D AREAS THERE WERE CERTAINLY SITUATIONS IN WHICH
FRENCH COULD MAKE POSITIVE INPUT. (B) WE AGREED THAT
FRANCE SHOULD BE ASSOCIATED WITH REDUCED DEPENDENCY
EXERCISE IF THEY SO DESIRE PROVIDED FORMULA FOR DOING
THIS DOES NOT WEAKEN IEA COUNTRIES COMMITMENT. (C) WE
SAW SOME LONGER-TERM DIFFICULTIES WITH OTHER FORMS OF
ACCOMMODATION FRENCH HAD SUGGESTED. WE THOUGHT BASIC
IEA POSTURE SHOULD BE TO SECURE FRENCH MEMBERSHIP ON
BASIS OF FULL ASSUMPTION OF OBLIGATIONS. IF FRENCH
WERE NOT OBLIGATED SPECIFICALLY THEY WOULD BE ENTIRELY
FREE TO SEEK INDEPENDENT ACCOMMODATION WITH OIL
PRODUCERS AT TIME OF POSSIBLE EMERGENCY AND SUCH EFFORT
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COULD WELL ADD INCREMENT OF PRESSURE TO IEA COHESION AT VERY TIME WHEN THIS COHESION WOULD BE UNDER MAXIMUM STRAIN. WE AGREED WITH LANTZKE THAT SUB-ROSA COMMITMENT TO EMERGENCY SHARING WAS TOO IMPRECISE AND TOO WEAK TO RELY ON IN SUCH A SITUATION. WE THOUGHT BEST WAY TO SEEK TO BRING FRENCH INTO IEA WAS TO FACILITATE SITUATION IN WHICH FRENCH LEADERSHIP COULD MOLLIFY HOSTILE ELEMENTS OF DOMESTIC OPINION BY POINTING TO ADVANTAGES FOR FRANCE WHICH IEA MEMBERSHIP WOULD ENTAIL, AND POSSIBLY AGREE TO FORMULA FOR ACCESSION ON BASIS OF WHICH GISCARD COULD POINT TO SOME SORT OF QUID PRO QUO, E.G., INVOLVING COMMUNITY ENERGY POLICY. WE THOUGHT POTENTIAL ADVANTAGES TO FRANCE SHOULD BE HELD BACK TO FACILITATE POSSIBLE FUTURE ENTRY AND NOT TRADED FOR SHORTER RUN OBJECTIVES. AGAIN WE STRESSED THAT FOREGOING VIEWS WERE ENTIRELY PERSONAL AND DID NOT TAKE ACCOUNT OF BROADER ISSUES OF US/FRENCH RELATIONSHIP WHICH BEYOND USOECD'S PURVIEW.
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